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Thailand

Retail Food Sector

Report

2002

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Report Highlights:
Thailand's retail sector accounts for approximately 16 percent of GDP. Modern trade retailers play a major role and occupy more than 54 percent of total retail sales. Both Thai and multinational retail businesses continue to expand the number of stores, introduce new store formats, restructure their operations, adjust pricing and product strategies, all to be able to compete with each other in this highly competitive industry. Introducing new imported products, especially from the U.S., is a strategy which can seize market share from competitors.

Includes PSD changes: No
Includes Trade Matrix: No
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SECTION I. MARKET SUMMARY

Retail trade is an important sector for Thailand, accounting for approximately 16% of Thailand's GDP. It is also a major employer, with employment in the retail trade sector estimated at roughly 15% of total employment in Thailand. A liberal regulatory regime has encouraged an influx of multinational retail business investment in modern retail formats in Thailand. The majority of these investments have come from leading international retail chains: UK-based Tesco with its Tesco Lotus stores; France-based Casino Group with BigC; Carrefour of France; Netherlands-based Royal Ahold (Top supermarkets) and Makro; and Belgium-based Food Lion.

Thailand's retail sector enjoyed 10.2 percent growth in 2001. Modern trade sales account for more than 54 percent of total retail sales, or 289 billion baht (US$ 7 billion) of total sales of 536 billion baht (US$ 13 billion). Foreign-owned stores have annual sales in Thailand of around 170-200 billion baht (US$3.91-$4.60 billion). The high growth of retail trade in Thailand is mainly due to the modern retail business, especially hypermarkets, which occupy the largest portion of the modern trade segment. Hypermarkets have accelerated their expansion schemes to open more branches in Bangkok and major cities and lead the way in implementing competitive pricing and promotional strategies (e.g. discounts, rebates and free gifts). These popular promotion activities are in continuous development and come in many forms, ranging from discounts in special seasons or occasions, stamp collection, discount coupons, free gifts, and lucky draws. These modern trade companies, especially the larger firms, represent excellent opportunities for US exporters of consumer food items.

The expansion of large multinational discount stores has been a major factor behind the closure of a growing number of small retail businesses. The number of branches of traditional grocery shops reported at the beginning of last year was 298,040, compared with 289,958 at the same time this year. This represents 2.7% shrink from the previous year. While the number of traditional retail shops decrease continuously, the number of modern trade shops increase 9.5% from 3,790 to 4,151 at the same period of time.

Seven of the top ten retailers in Thailand now have significant foreign ownership. Recently, there have been increasing calls for the government to protect small traditional retailers by restricting the opening hours of big foreign owned shops instead of 24 hours in the past, tightening zoning laws in city centers and taking other measures to limit the further expansion of modern retail formats in Thailand. In response, many hypermarket and supermarket chains have rushed to build new facilities before the proposed regulations take effect.

Overall Retail Food Sales and Market Share Year 2001						
Description	**No. of Branches (2001)**	**Sales (Million Baht)**	**Market Share (%)**	**Projected Branches Open (Close) Year 2002**	**Total Branches Year 2002**	**Change (%)**
Hypermarket/ Discount Stores	97	126,000	24	20	117	20.6
Department Store	236	97,400	18,19	-6	230	-2.5
Supermarket	207	22,785	4.25	40	247	19.3
Convenient Store	3,250	34,175	6.38	400	3,650	12.3
Specialty Store	636	8,545	2	15	650	2.4
Total (Modern Trade)	*4,425*	*288,905*	*54*	*469*	*4,894*	*10.6*
*Traditional Markets**	*297,405*	*246,645*	*46*	*-44,311*	*253,094*	*-14.9*
Total	301,803	535,550	100	-43,482	257,988	-14.5

Source: Department of Business Economics, 18 April 2001
* including small grocery stores, personal care stores and license pharmacies

Retail business can be classified into two types: a traditional trade and a modern trade. Characteristics of the traditional trade can be defined as follows: being family-oriented in its nature and owned by Thais; providing old-fashioned services and exhibiting outdated displays: running business with non-standardized management systems and limited investment; being located in small commercial buildings or in local community. The modern trade's characteristics are as follows: providing modern services and displays, running business with standardized management systems; putting large investment in technology and innovation to attract customers.

Thai consumers are embracing the best from both the traditional and the modern sectors. In Thailand, consumers now go to more types of outlets than before. Large format stores are providing one-stop shopping with a wider range of products, and a comfortable, spacious shopping environment. Convenience stores have also been suffering to some extent from the proliferation of discount stores. To improve their competitiveness, they are expanding their selection to include more fresh foods, books, and entertainment products. Traditional grocery stores offer convenience in terms of location and service. Many traditional family-owned retailers, meanwhile, have decided that it makes more sense to become franchisees. As a result, the Charoen Pokphand Group expects to double the number of its 7-Eleven outlets to 3,000 in the next decade. Wet markets are still the main outlet for the purchase of fresh food. Thai consumers have the highest frequency of visiting wet markets, with an average of 18 visits per month (source from AcNeilsen Asia Pacific)

Company Profile (as of October 2002)

Name	Ownership (Legal Entity)	Type of Business	Bangkok - No. of Outlets	Provinces - No. of Outlets	Total Number of Outlets
CP 7-Eleven	Thai	Convenience			1,957
AM/PM	Thai	Convenience	53	44	97
Familymart	Japan	Convenience			176
Star Mart, Caltex	USA	Convenience			205
Tiger Mart, Esso	USA	Convenience	85	44	129
Lemon Green, Bang Chak	Thai	Convenience			120
Select, Shell	Holland	Convenience	75	35	110
Jiffy, Conono	USA	Convenience	45	92	137
Everyday, Q8	Kuwait	Convenience	61	39	100
SHV Makro	The Netherlands	Cash-and-carry	8	13	21
Big C, (Casino Group)	France	Hypermarket	16	16	32
Lotus, (Tesco Group)	UK	Hypermarket	20	20	40
Carrefour	France	Hypermarket	16	1	17
Tops, (CRC Ahold)	The Netherlands	Supermarket	35	13	48
Home Fresh Mart	Thai	Supermarket	7	1	8
Siam Jusco	Japan	Supermarket	10		10
Foodland	Thai	Supermarket	7	1	8
Tang Hua Seng,	Thai	Supermarket	6		6
Food Lion, (Delhaize Le Lion)	Belgium	Supermarket	34	1	35
Villa, Supermarket	Thai	Supermarket	8		8

House or Private Label brand products are playing a moderately increasing role in retail businesses with better image and quality. Most retailers grasped the opportunity, when prices of imported products were highly marked up, by introducing house-brand products at cheaper prices. In the future house-brand products will be diversified to capture wider target groups. It is likely that 10 years from now leading consumer goods may see their good positions on the shelves taken away by house-brand goods as retailers strengthen the positions for their products. Most of the supermarkets, superstores, and hypermarkets in Thailand have their own food brands for ready-to-eat food, ready-to-cook prepared foods, home-made bakery items, TV dinners, sausages, water, cooking oil, rice, sauces, cereals, dairy products and fruit juice. These outlets also provide space for fast food outlets, kiosks, a laundry, a florist, bookstores, a photographic store, movie rental stores and restaurants. They also have their own distribution centres to ensure product freshness and operational efficiency.

Credit card service is a new and popular strategy. In the past suppliers extended credit to corner stores and their customers, allowing them to make payment after purchasing. A similar concept has retailers today teaming up with the leading financial service providers to introduce credit for their retail consumer consumption purposes. These programs offer the benefits of modern financial management and payment collection programs. This credit card issuance by the giant retailers should have a big impact on the smaller business who cannot offer anything similar.

Supermarkets and hypermarkets are the best method of entry for U.S. exporters to enter Thailand's retail food market. Large convenience store chains like CP 7-Eleven can be recommended for selected foodstuffs. The main factors U.S. exporters should consider for U.S. food products are pricing, shelf life of the product, and customer preference. The traditional 'Mom and Pop' stores and wet markets in Thailand are not an ideal entry level for U.S. exporters considering the price sensitivity and preference for a traditional diet by the end consumers in this sector. U.S. exporters should be aware that many U.S. branded food products such as snack foods, candy, chocolate and breakfast cereals are already present in the market as locally or regionally produced food products due to resources availability, AFTA preference contributing to this shift in manufacturing bases to this region.

Thailand Food Trade 1997-2001 (million US$)

	1997	1998	1999	2000	2001
Exchange Rate Baht/US$	31.37	41.37	37.84	40.16	44.48
Export	10,589	9,640	9,958	9,939	9,998
Import	2,867	2,251	3,397	2,536	2,959

Retail Business Information Update:

Tesco Lotus:

- Tesco Lotus was originally set up in 1995 by the Charoen Pokphand (CP) Group as Lotus Supercenter. It was at the height of the 1997 economic crisis that CP sold 75% of its 100% stake in Lotus to Tesco, Britain's largest retailer. Further dilution followed and today CP's equity share is a minimal 2%.
- Currently, Tesco Lotus is creating 12,000 jobs and buying 95% of its products supplied from

Thai vendors and manufacturers.

- Tesco Lotus has three different private labels to its name - "Super Save" brand for its grocery and hardware products and targets consumers earning 20,000 baht or more per month; "Tesco" for its health and beauty products and aims at shopping earning 12,000 to 20,000 baht per month; and "Khum Kha", launched March 2002 for cut-price grocery and hardware products. The retail price of "Khum Kha" items is expected to be lower than other private-label brands by at least 20 percent, and will target lower-income people which income is below 12,000 baht a month.
- Currently, Tesco Lotus has more than 500 house-brand product items and expects to increase the total to between 700 and 800 items.
- Tesco Lotus's house brands represented 3% of total sales last year.
- Lotus expands into new business under the "Lotus Express" outlets which will combine both the convenience store and supermarket concept together. Approximately 10 branches of Lotus Express have already opened since November 2001. They plan to open not fewer than 40 branches by end of year 2002.
- The opening of Tesco Lotus at Bangkapi in 2002 applied all concepts of the Supercenter- including the multiplex movie theater, massive shopping area, ample parking, etc. This is the second center that has applied this kind of concept after the first located on Rama IV road in Bangkok.

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BigC:

- Big C Supercenter is 68% owned by the French Group Casino. It operates 32 stores in Thailand, commanding a 37% share of hypermarket sales, second only after Tesco Lotus and has just completed the buy-out of Auchan, the giant French retailer's sole Chiang Mai hypermarket and shopping center.
- BigC reported a third-quarter 2002 net profit of 272 million baht (US$6.34 million), and attributed its 10 percent sales growth to the nine new stores opened in Thailand in the past two years.
- Big C also has plans to invest 4.5 billion baht (US$10 million) in five more stores this year.
- Launched the "price leading" brand under the name of "First Price" after the success of private label brand of "Leader Price"
- BigC already opened four "Leader Price" stores as separate sales outlets for its house-brand products in Bangkok and if the outcome is successful, eight more outlets will be opened.

Carrefour:

- CenCar, operator of Thailand's Carrefour hypermarkets, is an 80/20 joint-venture with SSCP Thailand. It has 17 stores and employs 4,800 people in Thailand and source 95% of its products from local producers and manufacturers.
- Carrefour is looking at expanding its outlets outside Bangkok within the next two years. Currently, it has only one discount store in Chiang Mai. The company was trying to buy land in Hat Yai and Nakhon Ratchasima. However, a company executive said no land acquisitions had taken place yet.
- Year 2001, the company had sales of 13.7 billion baht, 5% higher than it had forecast, helped by a low-price policy and new concepts in its outlets.
- Carrefour plans to introduce a new house brand to the market.
- The future plans for Carrefour are further expansion with a stronger focus on customer

services, supply chain management and price guarantees.

Siam Makro:

- Siam Makro currently employs 5,000 people. It is the Thailand-listed affiliate of Netherlands-based SHV Holdings and opened its first store in Thailand as a 65/35 joint-venture with the Charoen Pokphand Group in 1989. Following the 1997 financial crisis, CP sold a portion of its shares back and held on to only 16%.
- Siam Makro's concept is "Cash and Carry", low cost, high volume and low margin operations, with the objective to serve not only their retail customers and professional retailers in the hotel, restaurant and resell grocery store business, but also their suppliers.
- Ninety-six percent of the goods they sell are from local delivered suppliers; three percent are goods from the region; and only one percent are imported from Europe.
- Siam Makro reported a third quarter 2002 net profit of 209 million baht ($4.87 million), down nearly 14 percent from 242 million baht in the third quarter of last year. The reduction in reported profit is mainly due to fierce competition among retail business and floods which affected the north, northeast and the central parts of Thailand. The floods hurt retailers because they left millions of people homebound.
- Makro launched a new pilot scheme called "Super 10" on September 2002 to help 10 selected small retailers become more competitive against number of large-scale supercenters and discount stores and more efficient in business management and marketing. Makro will provide support in terms of marketing activities as well as printing promotional leaflets, price tags and shopping bags for participating members.
- Makro plans to open two more branches, increasing the total number of outlets to 22 by the end of this year.
- Siam Makro will focus more on commercial customers and plan to increase their variety of products, concentrating more on bulk pack items in every outlets.

Tops Supermarket:

- Thailand is Tops' fastest growing market in the region. The company has 48 outlets in Thailand, 38 in Malaysia, and 17 in Indonesia.
- Japan-based Seiyu Supermarket sold its business to Tops.
- With consumer spending at supermarkets declining because of the inroads made by discounters, operators are seeking new types of alliances. For example, the U.S. oil firm Conoco has joined with CRC Ahold (Thailand) Co., the operator of Tops, to offer logistics services for dry groceries to Jiffy convenience stores at 120 Jet service stations.
- Tops is able to continue keeping its prices low as a result of supplying goods to Jet/Jiffy petrol-station outlets as well as to the 48 Tops Supermarkets around the country. This helps Tops to have greater purchasing power due to the larger volume and have also lead to a decrease in logistical costs.
- CRC Ahold operates two supermarket formats locally: conventional Tops supermarkets in shopping centers, and Tops Marketplace, larger stores located in tourist areas or shopping centers, targeting middle-income consumers. Tops introduced the new two urban convenience stores under the name "City Market" in the Sathorn City Tower and the All Season Place on September in Bangkok. City Market will have sales space of approximately 1,000 to 1,500 square meters, with the new-look stores about one-third the size of conventional Tops supermarkets. The concept store combines small eating areas, a supermarket, and

convenience store. Product areas such as cosmetics, baked goods and entertainment products are clearly separated and identified by various pastel shades of blue, green and orange. The City Market concept has reportedly proved successful in several countries where Ahold operates, including Belgium, the Netherlands and Germany. CRC Ahold expects the City Markets to contribute 3% to the firm's total sales this year.

- Last year (2001), CRC Ahold generated sales of approximately 300 million euros (12 billion baht). The average spending per customer at Tops Supermarket is between 200 Baht and 220 Baht (2001), up by about 5 percent on year 2000.
- Tops has embarked on an agri-supply chain project with farmers and fruit and vegetable suppliers to minimize pesticide use, make the supply chain more efficient and improve agri-practices nation-wide.

Food Lion:

- Food Lion is owned by the Belgium-based Delhaize Group, who took over the Charoen Pokphand Group's Sunny Supermarket Chain.
- Food Lion's products sourcing in Thailand and the region is nearly 100%
- Food Lion plans to increase its proportion of fresh food from 30% to 50%

Convenience Stores:

- Convenience store operators report stable growth and expansion. 7-Eleven will maintain its growth rate of 200 new stores a year and Siam Family Mart will add 70 outlets, with both shifting toward new forms of marketing activities including electronic commerce.
- Even though discount stores have pushed down sales of convenience stores by 8 to 10%, especially on grocery items, convenience stores have been adjusting their merchandise mix to offer more packaged foods as well as entertainment products such as CDs, movies, books magazines, internet access and phone cards. Consequently, the spending per bill was higher for 7-Eleven moving from 38 baht to 42 baht in the first six months of 2001after adding these new services and products.

Advantages and challenges facing US products in Thailand

Advantages	Challenges
- Many varieties of U.S. high quality agricultural products from fresh to processed food.	- Severe competition from Australia, New Zealand and China.
- Increase in Thai consumers' preference for higher quality products	- U.S. products are not always price-competitive as compared to imports from China, Australia, New Zealand and Malaysia.
- Local Thai consumers view US-origin products as being of high quality and safe.	- Local manufacturers can quickly improve or change quality of products, tastes or packaging sizes according to changes in consumer behavior, while keeping production cost low.
- Over 10 percent of total Thai population live in Bangkok, which as a market accounts for 90 percent of the sales of fast moving consumer goods	- Thai people have little knowledge about U.S. products which are new to the market and that makes them reluctant to purchase.

- The Thai economy has an expected annual growth of 4.5-5% for 2002-2003, which is driving increased food consumption. Even though price is still the critical factor, in the future customers will demand higher quality products as their incomes grow.	- Price is still the most important factor when making a purchasing decision.
- Proliferation of retail industry. New retail outlets are expanding which allow consumers in parts of Thailand to get access to new imported products.	- Lack of importer and retailer knowledge and training in purchasing and handling of U.S. food products
	- Strong local brands which are either foreign or Thai origins in many food and beverage products e.g. Nestle, Singha Beer, etc.
- Thai eating habits are adapting more imported food items	- Lack of continuous promotion of U.S. varieties in Thai market. Exporters need to support market promotion campaigns to open new markets
- Increase in niche market with high income and high premium product preference.	- Market penetration for imported products is concentrated in Bangkok and major tourists-promotion provinces only.
- The growing tourism industry soaring demand for U.S. HRI products, especially beef, seafood, wine, whisky, etc. (No. of international tourists increased by5.8% from 2001 reaching approximately 10.06 million tourists)	- American style mass food products produced locally cost less.
- Reliable supply of U.S. agricultural products and advanced U.S. food processing technology	- Thai government policy and actions try to increase demand for Thai local products.
- Good relationships with foreign suppliers	- High import tariffs on high value consumer food and beverage products, especially U.S. meat products, wine, whiskies, cherries, peaches, grapes, apples, pears.
- Gift giving is essential, and luxury foods are preferred. Shoppers like to seek and purchase new products for gifts	- Lack of trader and consumer awareness of U.S. products, while marketing costs to increase consumer awareness are high.
- Attractive packaging gives the impression of better quality	- Domestic production improving in quality and marketing
- Thailand's beneficial geographic location is viewed as a gateway to larger Indochina and other Asian markets	- Due to high import tariffs for U.S. imported products, most Thai importers shift to importing products from other Asian countries, especially ASEAN member countries.

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Supermarkets, Superstores, Hypermarkets, Supercenters, Cash-and-Carry Outlets

Entry Strategy

The best method for U.S. exporters to sell to supermarkets, discount stores, hypermarkets or cash and carry is to directly contact supermarkets, discount stores, hypermarkets, cash and carry who import direct, importers and distributors. U.S. exporters should be aware that many multinational retailers in Thailand charge listing fees or a listing allowance for new products. The fee will be charged in accordance with a formula based on the number of retail outlets and SKUs (stock keeping unit).

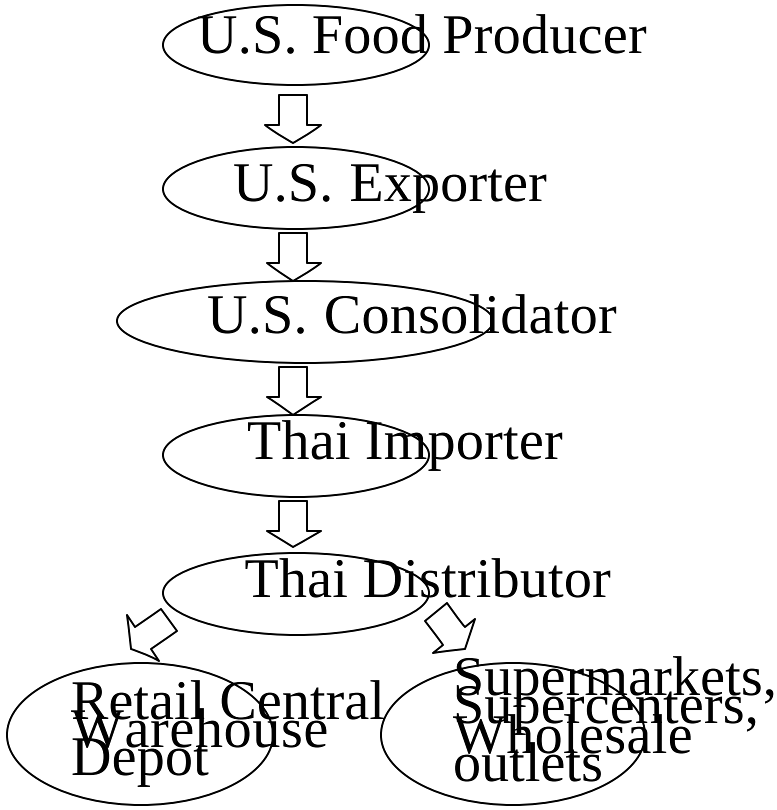
Entrance and Other Marketing Fees

Name	No. of branches	Entrance Fee/SKU (Baht)	End Gondola Display Fee (Baht)	Activities Supporting Fees(Baht)					
				Brochure Mailing/ Rebate		Anniversary	New Branch	Damaged Products	Distribution
Tesco-Lotus	40	165000	500000	80000	2-3%	1-3%	1-3%	0.5-1%	2-3%
BigC	32	70000	70,000-100,000	70000	2%	1-3%	1-3%	0.5-1%	2-3%
Carrefour	17	50000	85000	85000	2-3%	1-3%	1-3%	0.5-1%	2-3%
SHV Makro	21	90000	70,000-100,000	130000	1-2%	1-3%	1-3%	0.5-1%	-
Tops	48	75,000/1st SKU 25,000/2nd SKU	100000	40000	3.5%				
Food Lion	35	33000	15000	-					
Jusco*	10	3,000/SKU/Branch		30000					
Foodland	8	100,000/SKU	24000	15000					
Villa	8	20000	20000						
7-Eleven	1957	300,000-350,000	1-300,000					0-5%	

Source: Thansetthakit Newspaper, 14 July 2002
Remark: * Tasting Fee 3,000 Baht/Branch

Distribution Channels

The distribution channel to supermarkets, superstores, and hypermarkets in Thailand normally begins with importers selling to distributors in turn selling to a central warehouse or direct to retail outlets. The foodstuffs will be kept either in the importers' warehouse, distributors' warehouse, or central warehouse before delivery. Some supermarkets, superstores and hypermarkets operated by multinational operators import food products directly and hold them in their own distribution centres before delivery to each outlet. The following chart shows the standard distribution channels to supermarkets, superstores, and hypermarkets in Thailand nowadays.



Company Profiles

Name	Ownership (Legal Entity)	Type of Business	Bangkok - No. of Outlets	Provinces - No. of Outlets	Total Number of Outlets
SHV Makro	The Netherlands	Cash-and-carry	8	13	21
Big C, (Casino Group)	France	Hypermarket	16	16	32
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B. Convenience Stores, Gas Station Food Marts, Kiosks

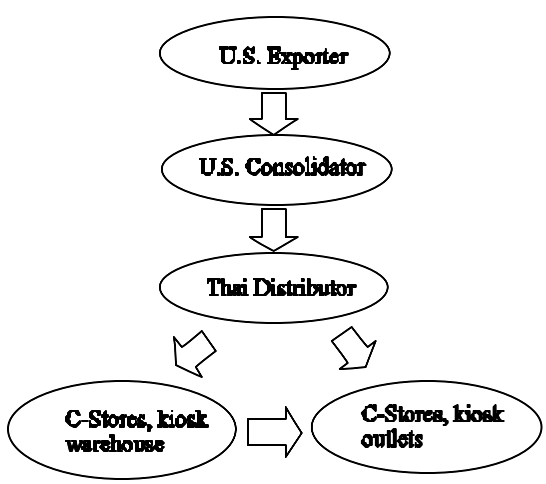
Entry Strategy

The best method for U.S. exporters to enter this Thai market segment is to contact the head office of convenience stores, gas marts and kiosks. The major convenience stores like CP 7-Eleven, AM/PM and Siam Familymart are listed at the end of this report. U.S. exporters should be aware of the listing fee or listing allowance that may be charged by large convenience store chains. The fee will be charged in accordance with a formula based on the number of outlets and SKUs.

U.S. branded food sold in these C-stores is usually produced in Thailand or in neighbouring Southeast Asian countries. This group of products includes snack foods, chocolates, cookies, candies, gum and breakfast cereal. Distributors source U.S. branded food from neighbouring countries rather than from the United States because of the lower costs and AFTA preferential tariffs. Trends in the sales of imported food for C-stores versus locally produced food items will decrease gradually from five to zero percent, in line with the purchasing power of low and middle income target group. U.S. products will be well received by Thai consumers in C-stores if price and quality is similar to what local suppliers offer.

Distribution Channels

A common distribution channel to convenience stores, gas marts and kiosks has goods flowing from U.S. exporters to U.S. consolidators and traders then on to Thai distributors to C-stores, gas station marts and kiosk distribution centres. Some Thai distributors distribute foodstuffs directly to C-stores, gas marts and kiosk outlets. Most of the foodstuffs that are distributed directly to the outlets are fresh, including baked goods and dairy products. The flow pattern of different retailers varies depending on the sales volume and number of outlets. A key ingredient in the success of the larger retailers is control of their own distribution centers.



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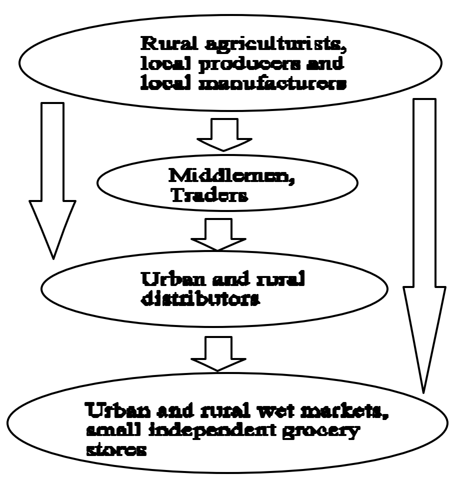
Jiffy, Conono	USA	Convenience	45	92	137
Everyday, Q8	Kuwait	Convenience	61	39	100

C. Traditional Markets (‘Mom and Pop’, small independent grocery stores and wet markets.)

Entry Strategy
For U.S. exporters, Thai traditional wet markets are more difficult markets to enter, considering the expected purchase price of products, low consumer purchasing power, the size and traditional distribution channels of the outlets and consumer preferences for traditional Thai and Chinese foodstuffs.

Distribution Channels
Usually local manufacturers will have their own distributors to distribute their products. Some local producers participate in a Royal Project in which the distribution is managed by assigned distributors.



SECTION III. COMPETITION

Current situation in the Thai market.

Domestic products have played a major role in the Thai market because the cost is perceived to be cheaper than imported foodstuffs. However, imported foods do relatively well in Bangkok (especially at locations near upper income residential areas, expatriate-dense areas, and tourist areas) and other major cities such as Chiang Mai, Pattaya, Surat Thani, Had Yai, Petchburi, Ratchaburi, Phuket and Samui islands. The ratio of imported food versus domestic food is 30:70. The United States holds approximately 15 percent of the overall imported foods market.

Imports of U.S. sourced products have decreased over time because many U.S. food companies have shifted manufacturing bases from the United States to Thailand or neighbouring countries such as Australia, Indonesia and Malaysia. The advantages of AFTA, lower labor, production and transportation costs and the relative value of regional currencies versus the U.S. dollar has made these brands more competitive in Thailand.

The major advantage of imported foodstuffs versus locally produced food is that these products could not currently be produced or manufactured in Thailand and their quality is perceived as better than the local products. The obvious disadvantage is the higher prices of imported food. Local manufacturers understand local customers' needs and can readily improve or change quality of product, taste or packaging size to suit customer preference.

The advantage of U.S. products versus other foreign products is that several high quality products could not be produced or manufactured in other foreign countries. The disadvantages are pricing, delivery time, and customer preference. As China's geographic area is quite similar to the U.S., this benefits China in growing and producing same kinds of products which can be exported to Thailand and compete directly with U.S. products with a little lower of quality but be with a significant difference in price. Other market segments where competitive is strong include beef, wine, fresh fruits, vegetables and other perishables.

SECTION IV: BEST PRODUCT PROSPECT

Thailand Imports and US share of Top 50 Food and Fishery Imports

No.	Product	2000			2001			Growth	1 of 3
		Total $('000)	US Imports $('000)	Share (%)	Total $('000)	US Imports $('000)	Share (%)	Rate* (%)	Market Leader
1	Tuna	270,017	2,104	0.52%	427,523	5,535	0.97%	124.89%	
2	Powder milk & cream	192,497	2,071	1.21%	212,564	6,152	2.86%	116.29%	
3	Dog,Cat&Pet Food	90,365	25,281	57.04%	92,171	32,098	50.12%	-16.47%	*
4	Whiskies	79,201	1,082	0.57%	70,181	1,499	0.78%	19.44%	
5	Apple (Fresh)	41,309	14,036	29.24%	44,474	16,591	26.91%	14.21%	*
6	Milkfood for Infants	45,255	160	0.27%	41,785	123	0.19%	-25.01%	
7	Salmon	28,742	7,492	36.49%	37,953	8,419	33.35%	10.04%	*
8	Crabs	26,945	4,808	18.87%	31,558	3,094	9.32%	-31.63%	*
9	Mackerel	14,952	0	0.00%	15,640	3	0.05%	100.00%	
10	Sugar Confectionery	10,059	151	1.39%	13,304	201	1.39%	23.23%	
11	Chocolate & Food Prep.	10,231	1,830	13.16%	11,950	2,212	14.25%	21.55%	*
12	Instant Coffee	3,588	225	1.26%	11,465	360	0.67%	51.47%	
13	Fruit & Vegetable Juice	8,667	1,843	16.62%	11,043	3,194	18.09%	53.33%	*
14	Other Sauces & Prep.	7,636	1,162	16.51%	7,126	1,206	29.46%	80.43%	*
15	Cod	2,937	1,020	34.59%	7,004	829	12.64%	-16.24%	*
16	Cheese & Curd	4,526	364	6.50%	6,997	691	7.22%	69.57%	
17	Frozen Fries	6,424	4,896	76.51%	6,885	4,816	71.49%	3.38%	*
18	Wine	8,282	723	6.60%	6,594	532	5.85%	-21.72%	
19	Grapes	6,174	4,014	62.42%	6,293	3,863	58.36%	13.95%	*
20	Sunflower Oil	3,428	0	0.00%	5,895	2	0.03%	100.00%	
21	Canned Peach	914	212	22.04%	3,924	1,217	30.65%	453.74%	*
22	Breakfast Cereal	5,776	223	4.08%	3,245	155	3.67%	-23.42%	
23	Dried Peas, Beans, Lentils	1,881	109	2.13%	2,929	211	1.13%	-5.39%	
24	Soups&Broths&Prep.	2,942	1,000	53.33%	2,714	748	50.55%	-23.49%	*
25	Beef	2,705	640	18.43%	2,443	578	25.38%	2.67%	*
26	Jams, Fruit Jellies	3,223	889	25.52%	2,188	736	25.14%	-26.43%	*
27	Pears & Quinces	1,590	2	0.12%	1,742	23	0.89%	997.89%	
28	Popcorn	35,927	1,307	1.01%	1,642	1,102	42.48%	-17.24%	*
29	Instant Tea	803	725	85.04%	1,519	1,453	91.88%	324.81%	*
30	Almonds(fresh/dried)	1,407	1,248	89.60%	1,505	1,456	96.12%	16.47%	*
31	Ice Cream	559	449	84.10%	1,185	463	30.01%	-1.94%	*
32	Tomato Ketchup & Other Tomato Sauces	407	245	74.24%	1,148	364	22.87%	49.82%	*
33	Beer	613	33	6.40%	1,098	71	7.20%	86.96%	
34	Mustard Flour & Meal & Prepared Mustard	882	326	46.10%	763	244	55.35%	13.35%	*
35	Coffee Beans	554	406	62.82%	747	449	60.71%	12.57%	*
36	Pistachios	379	288	72.31%	630	457	61.31%	76.73%	*
37	Orange (Mandarin, Tangerines, Satsuma)	631	169	23.70%	584	133	21.87%	-20.19%	*
38	Scallops	347	45	7.38%	542	50	6.36%	-10.42%	
39	Sardines	294	46	8.62%	500	30	5.99%	0.80%	
40	Sparkling Wine	464	0.21	0.00%	480	0	0.00%	-100.00%	
41	Sheep/Lamb	247	1	0.54%	431	0	0.00%	-100.00%	

No.	Product	2000			2001			Growth	1 of 3
		Total $('000)	US Imports $('000)	Share (%)	Total $('000)	US Imports $('000)	Share (%)	Rate* (%)	Market Leader
42	Other Nuts inc. Mixtures	468	142	30.77%	398	157	32.98%	32.97%	*
43	Raisin	260	252	97.86%	282	278	97.80%	22.08%	*
44	Cherries	220	170	85.36%	246	207	84.80%	-12.98%	*
45	Peanuts	391	366	87.07%	235	218	93.32%	-40.01%	*
46	Sausages & Similar Product of Meat	345	2	1.39%	197	4	4.75%	117.13%	
47	Dog Fish & Other Sharks	224	180	83.01%	170	145	82.34%	-21.42%	*
48	Plums & Sloes	159	130	78.52%	148	94	62.43%	-12.62%	*
49	Other Sparkling Wine	116	16	10.92%	132	27	13.71%	35.10%	*
50	Sea Bass	586	327	20.61%	86	0.01	0.02%	-99.97%	
51	Turkey	95	81	92.33%	45	45	100.00%	-15.49%	*
52	Peaches inc. Nectarines	8	0.04	2.01%	29	9	22.21%	2581.14%	*
53	Almond(roasted)	152	18	15.96%	6	5	80.87%	-86.40%	*
54	Grapefruit	2	2	100.00%	0.02	0	0.00%	-100.00%	

* Growth rate calculated from imported volume (kg.)

Best market prospects for U.S. suppliers include American spices, seasonings and sauces, fresh and frozen sea food (lobster, crab, crawfish, fish), beer, biscuits, breakfast cereal, canned foods, (fruit, soup and vegetables), candy, chocolate, chocolate milk mix, corned beef, corn oil, dairy products (milk powder, cheese, cheese spread, cream cheese, whipped cream, sour cream, cheese sticks, cheese dip and ice-cream), dips, fresh fruit and vegetables (radish, celery, carrots, apples, grapes, cherries, kiwi fruit, avocados, blueberries, grapefruit, oranges), frozen cake, frozen peas, fruit juices (apple juice, prune juice, orange juice, grape juice, sparking white grape juice), instant coffee, jam, macaroni and cheese dinners, mayonnaise, Mexican sauce, nuts (peanuts, walnuts, hazel nuts, pecans, macadamia nuts), peanut butter jelly, pet food, pie filling, micro wave pop-corn, poultry, preserved or dried fruits, pickles, prunes, raisin, ready-to-mix pancakes, cookies, muffins and cake, red meat, snack foods, syrup, tortilla chip, TV dinners, vinegar, wine and bourbon whiskey.

The best selling U.S. food products are snack foods, breakfast cereal and nutritional products. Products that are not currently present in the market in significant quantities but have good sales potential are American seafood including lobster, crab, crawfish and fish; avocado, beverages, biscuits, candy, cherries, chocolate milk mix, cooking oil, cream cheese, dip sauce, chilli sauce, kiwi fruits, other cooking products, peanut butter, jelly, pie filling, TV dinners, sour cream, U.S. beef and whipped cream.

SECTION V. POST CONTACT AND FURTHER INFORMATION

The USDA/Foreign Agricultural Service in Bangkok maintains up-to-date information covering food and agricultural import opportunities in Thailand and would be pleased to assist in facilitating U.S. exports and entry to the Thai market. Questions or comments regarding this report should be directed to the USDA/Foreign Agricultural Service in Bangkok at the following local or U.S. mailing address:

U.S. Department of Agriculture
Office of Agricultural Affairs
U.S. Embassy
Diethelm Towers Building
4th Floor Tower A, RM. 404
93/1 Wireless Road
Bangkok Thailand 10330
Tel. +662-205-5106, 205-5121-2
Fax. +662-255-2907
Email: Agbangkok@fas.usda.gov
Web Site: www.fas.usda.gov

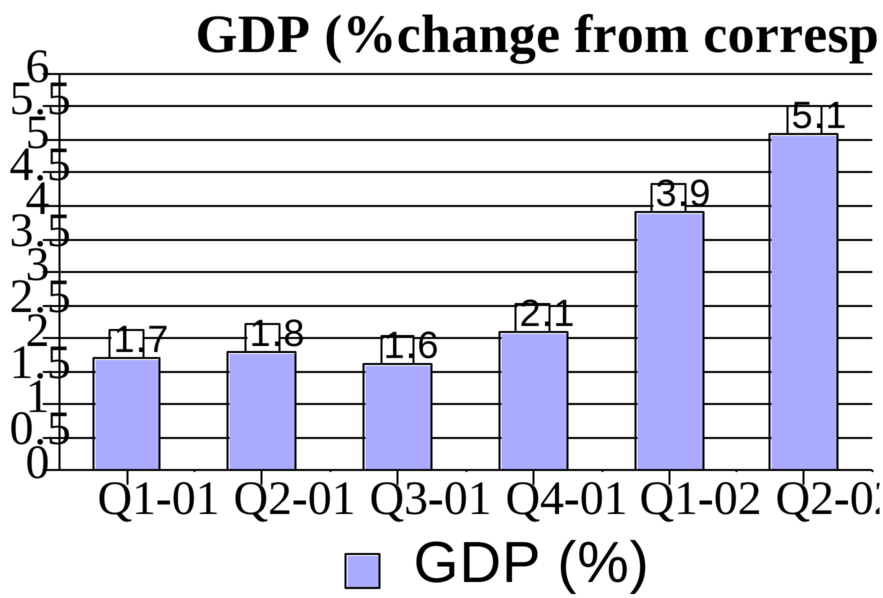
SECTION VI. APPENDIX

Appendix 1: Thailand's Key Economic Indicators (* in Billion)

	Unit	1999	2000	2001	2002 (Jan.-May)	2002 Est.
- Population	Mil.	61.7	62.3	62.3	-	63
- Economic Growth Rate	%	4.4	4.6	1.8	3.9 [1/]	2.0-3.0
Agriculture	%	2	4.9p	1.5p	5.1 [1/]	1.6
Manufacture	%	12.3	6.0p	1.2p	4.1 [1/]	1.8
- Gross Domestic Product (GDP)	Baht*	4615.4	4904.7	5,100p	1,345.2 [1/]	5309.2
- GDP Growth	%	4.4	4.6	1.8	-	4.5-5.0
- GNP Per Capita	Baht/Person	75143	78,702p	80,963p	-	84272
- Inflation Rate (CPI)	%	0.3	1.6	1.6	0.4 [2/]	0.5-1.0
- Foreign Trade						
Export (f.o.b.)	US$*	58.5	69.9	65.4	26.3	69.0 [3/]
Merchandise Export Growth	%	7.4	19.6	-7	-	4
Import (C.I.F.)	Baht*	1907.4	2494.2	2756.7	1097.6	-
Merchandise Import Growth	%	16.9	31.3	-2.8	-	5
- Trade Balance	US$*	8.5	7.7	3.6	1.2	
- Balance on Current Account	US$*	12.5	9.2p	5.6p	1.7p [4/]	
- Balance of Payments	US$*	4.6	-1.6p	1.8p	1.2p [4/]	
- Average Exchange Rate	Baht/US$	37.84	40.16	44.48	43.49	

Source: Office of the National Economic and Social Development Board, Bank of Thailand, BOI
: Department of Internal Trade / Ministry of commerce

Remark: p = Preliminary
1/ Quarter 1/2002
2/ Cumulative figures January - June
3/ The estimated figure from Department of Export Promotion
4/ Cumulative figures January - April



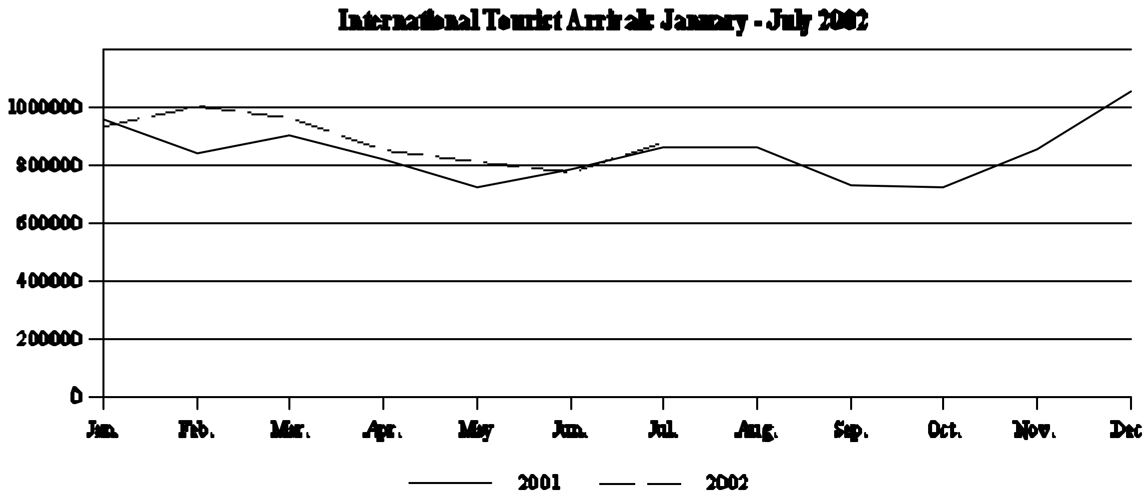
Appendix 2:
Thailand Minimum Daily Wage

The minimum wage in Thailand is currently 165 baht per day (US$3.71) in Bangkok, and between 130-140 baht in other provinces.

Provinces	Baht/Day	US$/Day
Phuket	168	3.78
Bangkok, Samut Prakarn, Nonthaburi, Pathum Thani, Nakhon Pathom, Samut Sakhon	165	3.71
Chonburi	146	3.29
Chiang Mai, Nakron Ratchasima, Phang Nga, Ranong and Saraburi	143	3.22
Ang Thong	138	3.11
Chachoengsao	137	3.08
Singbusi and Narathiwat	135	3.04
The rest of the country	133	2.99

Source: Bank of Thailand
Remark: 1US$ = 44.41 baht

Appendix 3: International Tourist Arrivals (January-July 2002)



Month	2002	2001	% Change	Average Growth
Jan.	940653	958256	-1.84	-1.84
Feb.	1008422	841709	19.81	8.28
Mar.	967194	904041	6.99	7.85
Apr.	855353	822840	3.95	6.94
May	811955	725028	11.99	7.8
Jun.	779349	787330	-1.01	6.42
Jul.	885229	863,071	2.57	5.86
Aug.	-	861,283	-	-
Sep.	-	733,160	-	-
Oct.	-	724,823	-	-
Nov.	-	857,440	-	-
Dec.	-	1,053,528	-	-
Total	**6,248,155**	**10,132,509**	**-**	**-**

Source: Tourism Authority of Thailand

Appendix 4: Number of International Tourists Arrivals

Where from	Tourist Arrivals ('000 persons)		% Change	
	2000	2001	2000	2001
East Asia	5545.9	5786.4	10.9	4.3
- Asean	2056.4	2,241.5	10.3	5
- Japan	1,202.2	1,177.6	13.4	-2
- China	753.8	801.4	-7.4	6.3
- Taiwan	706.5	738.7	33.7	4.7
Europe	2,301.8	2,508.5	8.7	9
U.S.A.	663.3	683.0	11.4	3
South Asia	352.0	350.8	20.6	-0.3
Oceania	378.9	420.5	9.8	11
Middle East	182.4	215.1	17.9	18
Africa	84.5	97.4	11.2	15.3
Total	**9,508.6**	**10,061.9**	**10.8**	**5.8**

Source: Tourism Authority of Thailand

Appendix 5: Retailers in Thailand

Siam Makro Company Limited
3498 2nd Fl., Lard Prao Rd
Klongchan, Bangkapi
Bangkok 10240, Thailand
Tel. +662 704-7000 / 375-7000
Fax. +662 375-8866
Contact person: Mr Philip Cox, Food Director

Big C Supercenter Co., Ltd
Fl 7 Univest Building
89/36 Rajadamri Road
Lumpini, Pathumwan
Bangkok 10330, Thailand
Tel. +662 655-5813
Fax. +662 655-5801-2
Contact person: Mr. Yves Braibant, CEO
Mr. Atthapon Uraipriwan, Marketing Director

Ek-chai distribution System Co., Ltd (Lotus Supercenter)
Modernform Tower
699, Srinakrarin Rd, Suanluang
Bangkok 10250, Thailand
Tel. +662 722-9640
Fax. +662 722-9637
Contact person: Mr Mike Raycraft, CEO

CRC Ahold Co., Ltd (Top Supermarket)
6th-7th Floor Central Plaza Office Tower
1693 Paholyothin Road
Lard Yaow, Jatujak
Bangkok 10900
Tel. +662 937-1700
Fax. +662 937-1711
Contact person: Mr. Randy Guttery, COO
Patcharee Pornananrat, AVP/Buying & Merchandising-Groceries

Cen Car Ltd (Carrefour Merchandise)
14th Floor Q. House Sathorn Building
11 South Sathorn Road, Tungmahamek,
Sathorn, Bangkok 10120
Tel. +662 677-3399
Fax. +662 677-3354-5
Contact person: Mr. Emmanuel Gaches, National Fresh Manager
Mr. Suchaiwut Suphapteeranon, Fresh Division Head

The Mall Group (The Mall)
1988/2 Ramkhamhaeng Road
Huamark, Bangkapi
Bangkok 10240, Thailand
Tel. +662 310-1000 / 318-8925
Fax. +662 315-6605 / 318-8923
Contact person: Mr Surat Ampooch, President

Siam Jusco
129 Ratchdapisek Rd
Dindaeng, Bangkok 10320, Thailand
Tel. +662 642-2401-8
Fax. +662 970-1823-4
Contact person: Mr Takashi Takani, Managing Director

The City Mall Group Limited (Emporium)
622 Sukhumvit 24 Rd
Klongton, Klongtoey
Bangkok 10110, Thailand
Tel. +662 664-8000
Fax. +662 663-4532, 663-4536
Contact person: Mr. Kriengsak Tantipipop, Managing Director

Foodland Supermarket Co., Ltd
2675 Lard Prao 95
Wangthonglarng, Bangkok 10310, Thailand
Tel. +662 932-2948
Fax. +662 539-0837
Contact person: Mr Supamit Surongsain, Asst. Vice President Marketing

Tang Hua Seng Department Store
289 Sirinthorn Rd
Bangbamru, Bangplad
Bangkok 10700, Thailand
Tel. +662 434-0448
Fax. +662 434-6057
Contact person: Mr Viroj Chunprathipthong, Managing Director

Isetan Department Store
4/1-4/2 World Trade Center
Rajadamri Rd, Pathumwan
Bangkok 10330, Thailand
Tel. +662 255-9898-9
Fax. +662 255-9808, 255-9716
Contact person: Mr Takeshi Ito, Managing Director

Chiang Mai BigC (2001) Co., Ltd.

208 Moo 3, T. Thasala
Ampur Muang, Chiang Mai 50000
Tel. +6653 262-300
Fax. +6653 262-380
Contact person: Mr. Songsiri Tachaboon, Manager Director

Food Lion Thailand Ltd.
55/5 1st Fl. Moo1, Srinakrarin Rd.
Nongborn, Praves
Bangkok 10260 Thailand
Tel. +662 721-5580-98, 721-3399 (Direct Line)
Fax. +662 721-3399
Contact person: Mr. Michel Pree, Director

Villa Market JP Co., Ltd
591/1, 4-5 Sukhumvit Rd
Klongton, Klongtoey
Bangkok10110, Thailand
Tel. +662 662-0372-6
Fax. +662 259-1077
Contact person: Mr Surapong Poosanakhom, Managing Director or
Mr. Pisit Poosanakhom, Executive Director

Central Department Store Ltd. (Marks & Spencer)
22 Chidlom Tower Bldg
12th A Fl., Soi Somkid
Ploenchit Rd, Pathumwan
Bangkok 10330, Thailand
Tel. +662 655-7777
Fax. +662 256-0283 / 256-0290
Contact person: Nidsinee Chirathivat, EVP

CP 7-Eleven Co., Ltd
313 CP Tower, 20th Fl.
Silom Rd, Bangkok 10500, Thailand
Tel. +662 631-0231 extension 1677
Fax. +662 638-2680
Contact person: Mr. Korsak Chairasmisak, CEO
Mr Piyawat Thitasathavorakul, Managing Director

Siam Familymart
139 Robinson Building
5th Fl Ratchdapisek Rd
Dindaeng, Bangkok 10320, Thailand
Tel. +662 254-1632-51
Fax. +662 255-8573

Contact person: Mr. Yoshitsugu Katahira, Managing Director

Rak Ban Kerd
WorldPhone Shop
333/3 Chai Bldg, 15th Floor
Vibhavahdi, Rangsit Road, Chatuchak
Bangkok 10900
Tel. +662 935-6901-10
Fax. +662 935-0639
Contact Person: Mr. Napatsakorn Tangkaew, V.P. Operations

Tiger Mart (Thai C-Center Co., Ltd.)
3195/17-29 Rama IV Road,
Klongton, Bangkok 10110
Tel. +662 262-4000
Fax. +662 262-4752
Contact Person: Ms. Nipaporn Chinnawong, Merchandising Supervisor

StarMart (Caltex Oil (Thailand) Ltd)
24th – 26th Floor, Sun Towers Buld.
123, Viphavadee-Rangsit Road,
Jatuchak, Bangkok 10900
Tel: (662) 612-7000
Fax: (662) 612-7011
Email: nanthapolc@chevrontesaco.com
Contact: Mr.Nanthapol Chalernpukdee, Manager Public Relations and Sponsor Brand Management

Lemon Green (Bangchak Green Net Co. Ltd)
46/89-72, Bangnatrad,
Bangna, Bangkok 10260
Tel: (662) 751-5111
Fax: (662) 751-5112
Contact: Mr.Paisit Aemvoranan, Marketing Manager

Select (The Shell Company of Thailand Ltd)
10 Soonthornkosa Road
Klongtoey, Bangkok 10110
Tel :(662) 262-6000, 262-7700, 262-6142 Ext. 1142
Fax:(662) 249-832
Contact: Mr. Charupan Patanavin, Manager

Jiffy (Conoco (Thailand) Co. Ltd)
11th Floor, Samaggi Insurance Tower,
Northpark Project,
2/4 Vibhavadiransit Road,
Laksi, Bangkok 10210

Tel: (662) 955-0195
Fax: (662) 955-0190
Contact: Ms.Rhonda Cain, Marketing Manager

EveryDay (Kuwait Petroleum Thailand Ltd)
CTI Tower, 21st Floor
191 Rachadapisek Road
Klongtoey, Bangkok 10110
Thailand
Tel: (662) 261-5000
Fax: (662) 261-1280
Contact: Mr.Narongsak Burapapanich, Category Supervisor

End of Report